



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0203	Title:	Eliminate requirement for periodic replacement of state license plates
Primary Sponsor:	Shockley, Jim	Status:	As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	(\$3,179,849)	(\$27,709)	\$0	\$0
Revenue:				
General Fund	(\$1,372,598)	(\$1,609,330)	(\$500,000)	(\$500,000)
Net Impact-General Fund Balance:	<u>\$1,807,251</u>	<u>(\$1,581,621)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>

Description of fiscal impact: SB 203 would cancel the requirement in 61-3-332(3)(a), MCA, to issue new standard license plates to replace previously issued standard license plates every four years upon renewal, beginning January 1, 2010. With passage of this bill the general fund will lose revenues from the sale of the reissued standard plates to the public.

FISCAL ANALYSIS

Assumptions:

Department of Justice

1. SB 203 would eliminate the current law in 61-3-332(3)(a), MCA, which requires that beginning January 1, 2010, and every 4 years after this date, the Department of Justice shall manufacture and issue new standard license plates to replace previously issued standard license plates. This bill would eliminate the need for the expenditures in Motor Vehicles Division (MVD) decision package PL 1208. In the absence of 61-3-332(3) (a), MCA, as proposed by SB 203, the general fund would not need to spend \$321,250. This equates approximately to a production cost of \$0.40/set for the Department of Justice.
2. Under current law, it is estimated that 800,000 sets of the new license plates (two plates to a set) are needed to replace the old standard issue plates. Of the 800,000 sets of plates produced, approximately 200,000 sets will not be sold until the 2013 biennium, as they are held by the counties for inventory needs. Revenues of \$5/set of license plates are collected by the Department of Justice according to 61-3-321(12), MCA.
3. In absence of SB 203, revenues in FY 2010 from the sale of new issue plates are estimated at \$1,372,598 [274,520 sets of plates * \$5.00 = \$1,372,598]. In FY 2011, revenues from the sale of new issue license

plates is estimated at \$1,609,330 [321,866 sets of plates * \$5.00 = \$1,609,330]. If SB 203 passes, these revenues to the general fund will not be collected.

4. Additionally, as detailed in the budget with DP 402 (Corrections) and DP 1208 (Justice), general fund revenue of \$1.0 million from the sale of the 200,000 sets held in inventory, would not be collected in the 2013 biennium for reissue plates (county inventory) solely to comply with 61-3-321, MCA.
5. It is assumed that the decrease of general fund revenue in the 2013 biennium of \$1.0 million would have been evenly distributed between FY 2012 and FY 2013 [\$1,000,000 * 0.5 = \$500,000 each year].

Department of Corrections

6. Upon passage of this bill, the Department of Corrections will not be required to print replacement license plates for distribution by the Motor Vehicle Division at the Department of Justice every 4 years. This will save \$2,858,599 in FY 2010 and \$27,709 in FY 2011. This bill would eliminate the need for the expenditures in Montana Corrections Enterprise (MCE) decision package PL 402.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
Department of Justice				
<u>Expenditures:</u>				
Operating Expenses	(\$321,250)	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	(\$321,250)	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$1,372,598)	(\$1,609,330)	(\$500,000)	(\$500,000)
Department of Corrections				
<u>Expenditures:</u>				
Personal Services	(\$10,584)	(\$10,584)	\$0	\$0
Operating Expenses	(\$2,848,015)	(\$17,125)	\$0	\$0
TOTAL Expenditures	(\$2,858,599)	(\$27,709)	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	(\$2,858,599)	(\$27,709)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$1,807,251	(\$1,581,621)	(\$500,000)	(\$500,000)

Long-Term Impacts:

1. SB 203 would eliminate the revenue and expenditures required by 61-3-332(3) (a), MCA, in alternating biennia beginning January 1, 2010.

Sponsor's Initials

Date

Budget Director's Initials

Date